

Effective September 1, 2017.

**FRANCHISE TAX RATE APPLICABLE TO CERTAIN TAXABLE
ENTITIES THAT SELL TELEPHONE PREPAID CALLING
CARDS**

CHAPTER 275

H.B. No. 2126

AN ACT

relating to the franchise tax rate applicable to certain taxable entities that sell telephone prepaid calling cards.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 171.002, Tax Code, is amended by adding Subsection (c-2) to read as follows:

(c-2) For purposes of Subsection (c)(3), the provision of telecommunications services does not include selling telephone prepaid calling cards.

SECTION 2. This Act applies only to a report originally due on or after the effective date of this Act.

SECTION 3. This Act takes effect January 1, 2018.

Passed by the House on April 20, 2017: Yeas 143, Nays 0, 1 present, not voting; passed by the Senate on May 18, 2017: Yeas 30, Nays 0.

Approved May 29, 2017.

Effective January 1, 2018.

**SULPHUR RIVER BASIN AUTHORITY, FOLLOWING
RECOMMENDATIONS OF THE SUNSET ADVISORY
COMMISSION**

CHAPTER 276

H.B. No. 2180

AN ACT

relating to the Sulphur River Basin Authority, following recommendations of the Sunset Advisory Commission.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 1A(a), Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, as repealed by Chapter 938 (H.B. 3123), Acts of the 84th Legislature, Regular Session, 2015, and amended by Chapter 1148 (S.B. 523), Acts of the 84th Legislature, Regular Session, 2015, is reenacted and amended to read as follows:

(a) The authority is subject to review under Chapter 325, Government Code (Texas Sunset Act), but may not be abolished under that chapter. The review shall be conducted under Section 325.025, Government Code, as if the authority were a state agency scheduled to be abolished September 1, 2029 [2017], and every 12th year after that year.

SECTION 2. Section 2(11), Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, is amended to read as follows:

(11) "Waste" means sewage, industrial waste, municipal waste, recreational waste, agricultural waste, or waste heat[~~-, solid waste, or any other waste~~].

SECTION 3. Section 3(a), Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, is amended to read as follows:

(a) The authority is composed of the territory in each county in Texas, other than Fannin County, that is located in whole or in part within the watershed of the Sulphur River and its tributaries with confluences with the Sulphur River upstream from the eastern boundary of Texas, as those watersheds and tributaries are defined by maps now on file with the *development board* [~~Texas Department of Water Resources~~].

SECTION 4. Section 4, Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, is amended to read as follows:

Sec. 4. **AUTHORITY PURPOSES.** The purpose of this Act is to authorize the authority to provide for the conservation and development of the state's natural resources within the basin of Sulphur River, including:

- (1) the control, storage, preservation, and distribution of the state's water for domestic and municipal uses, industrial uses, irrigation, mining and recovery of minerals, stock raising, underground water recharge, electric power generation, navigation, [~~recreation and pleasure~~], and other beneficial uses and purposes;
- (2) the reclamation and irrigation of land needing irrigation;
- (3) the reclamation and drainage of overflowed land and other land needing drainage;
- (4) the maintenance and enhancement of the quality of the water;
- (5) the conservation and development of the [~~forests~~], water[, and hydroelectric power];
- (6) the navigation of inland water; and
- (7) the provision of systems, facilities, and procedures for the collection, transportation, handling, treatment, and disposal of waste [~~of all types~~].

SECTION 5. Section 6, Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, is amended by amending Subsections (a), (b), (c), and (i) and adding Subsection (j) to read as follows:

(a) The authority shall be governed by a board of directors composed of *seven* [~~six~~] members. The members of the board shall be appointed by the governor with the advice and consent of the senate. *One member of the board shall be appointed to represent the authority at large.* Two members of the board shall be appointed from each of the following regions:

- (1) Region 1: Bowie and Red River counties;
- (2) Region 2: Cass, Franklin, Hunt, Morris, and Titus counties; and
- (3) Region 3: Delta, Hopkins, and Lamar counties.

(b) Each member of the board must be a qualified elector. *A member of the board appointed to represent a region under Subsection (a) must be* [~~and~~] a resident of a county in the region for which *the member* [~~he~~] is appointed.

(c) *Each* [~~Except for the initial members of the board, each~~] member of the board shall serve for a term of six years and until *the member's* [~~his~~] successor has qualified. [~~Of the six initial members appointed by the governor, the governor shall designate two members to serve for terms that expire on February 1, 1987, two members to serve for terms that expire on February 1, 1989, and two members to serve for terms that expire on February 1, 1991.~~]

(i) *The governor shall designate a member of the board as the presiding officer of the board to serve in that capacity at the pleasure of the governor.*

(j) The board shall elect [~~a president~~], one or more vice-presidents, a secretary, a treasurer, and other officers as the members of the board consider necessary. The *presiding officer* [~~president~~] and vice-president must be members of the board, but other officers are not required to be members of the board. The offices of the secretary and treasurer

may be combined, and the offices of assistant secretary and assistant treasurer may be combined.

SECTION 6. Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, is amended by adding Sections 6A and 6B to read as follows:

Sec. 6A. BOARD MEMBER TRAINING. (a) A person who is appointed to and qualifies for office as a member of the board may not vote, deliberate, or be counted as a member in attendance at a meeting of the board until the person completes a training program that complies with this section.

(b) The training program must provide the person with information regarding:

- (1) the law governing authority operations;*
- (2) the programs, functions, rules, and budget of the authority;*
- (3) the scope of and limitations on the rulemaking authority of the authority;*
- (4) the results of the most recent formal audit of the authority;*
- (5) the requirements of:*

(A) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest; and

(B) other laws applicable to members of the governing body of a river authority in performing their duties; and

(6) any applicable ethics policies adopted by the board or the Texas Ethics Commission.

(c) A person appointed to the board is entitled to reimbursement for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

(d) The board shall create a training manual that includes the information required by Subsection (b). The board shall distribute a copy of the training manual annually to each member of the board. On receipt of the training manual, each member of the board shall sign a statement acknowledging receipt of the training manual.

Sec. 6B. USE OF ALTERNATIVE RULEMAKING AND DISPUTE RESOLUTION.

(a) The board shall develop a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of authority rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under the authority's jurisdiction.

(b) The authority's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) The authority shall:

- (1) coordinate the implementation of the policy adopted under Subsection (a);*
- (2) provide training as needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and*
- (3) collect data concerning the effectiveness of those procedures.*

SECTION 7. Section 8, Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, is amended by adding Subsection (c) to read as follows:

(c) A director's compensation may be increased as authorized by Section 49.060, Water Code, by resolution adopted by the board in accordance with Subsection (e) of that section on or after September 1, 1995.

SECTION 8. Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, is amended by adding Sections 10A and 13A to read as follows:

Sec. 10A. SEPARATION OF POLICYMAKING AND MANAGEMENT FUNCTIONS. The board shall develop and implement policies that clearly separate the policymaking responsibilities of the board and the management responsibilities of the executive director and staff of the authority.

Sec. 13A. COMPLAINTS. (a) The authority shall maintain a system to promptly and efficiently act on complaints filed with the authority. The authority shall maintain information about parties to the complaint, the subject matter of the complaint, a summary of the results of the review or investigation of the complaint, and its disposition.

(b) The authority shall make information available describing its procedures for complaint investigation and resolution.

(c) The authority shall periodically notify the complaint parties of the status of the complaint until final disposition.

SECTION 9. Sections 17(b) and (d), Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, are amended to read as follows:

(b) The authority may exercise the powers of control and use of the state's water in the manner and for the following purposes:

(1) to provide for the control and coordination of water use in the basin as a unit;

(2) to provide by adequate organization and administration for the preservation of the rights of the people of the different sections of the basin in the beneficial use of water;

(3) to provide for conserving storm water, floodwater, and unappropriated flow of the basin, including the storage, control, transportation, treatment, and distribution of that water, and the prevention of the escape of water without the maximum of public service and for the prevention of devastation of land from recurrent overflows, and the protection of life and property in the river basin from uncontrolled floodwater;

(4) to provide for the conservation of water essential for domestic and other water uses of the people of the basin, including necessary water supplies for cities, towns, and industrial districts;

(5) to provide for the irrigation of land in the basin where irrigation is required for agricultural purposes or is considered helpful to more profitable agricultural production and for the equitable distribution of storm water, floodwater, and unappropriated flow water to the regional potential requirements for all uses;

(6) to provide for the encouragement and development of drainage systems and provisions for drainage of land in the valleys of the basin needing drainage for profitable agricultural and livestock production and industrial activities, and other drainage of land for the most advantageous use;

(7) to provide for the conservation of soil against destructive erosion, thereby preventing the increased flood menace incident to erosion;

(8) to control and make available for use storm water, floodwater, and unappropriated flow water as authorized by the commission, in the development of commercial and industrial enterprises in all sections of the watershed area of the authority;

(9) ~~[to provide for the control, storage, and use of storm water, floodwater, and unappropriated flow water in the development and distribution of hydroelectric power, where this use may be economically coordinated with other and superior uses, and subordinated to the uses declared by law to be superior;~~

[(10)] to provide for each purpose and use for which storm water, floodwater, and unappropriated flow water when controlled and conserved may be used in the performance of a useful service as contemplated and authorized by the provisions of the constitution and laws of this state;

(10) [(11)] to control, store, and preserve the water of the basin inside the boundaries of the authority for any useful purpose;

(11) [(12)] to use, distribute, and sell water for any beneficial purpose inside and outside the authority; and

(12) ~~[(13)]~~ to acquire water and water rights inside and outside the authority.

(d) The authority shall adopt and implement a program of water conservation consistent with rules and criteria duly adopted and enforceable by the *commission and development board* ~~[department]~~ for similarly situated authorities. A program of water conservation means the use of practices, techniques, and technologies that will reduce the consumption of water, reduce the loss or waste of water, improve efficiency in the use of water, or increase the recycling and reuse of water so that a water supply is made available for future uses.

SECTION 10. Sections 20 and 23, Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, are amended to read as follows:

Sec. 20. WATER QUALITY CONTROL. The authority is a river authority for the purposes and definitions of Chapter 30, Water Code, *and* the Clean Air Financing Act (Article 4477-5a, Vernon's Texas Civil Statutes) ~~[, and the Solid Waste Resource Recovery Financing Act (Article 4477-7a, Vernon's Texas Civil Statutes)]~~ as they apply to the authority. If a provision of the Clean Air Financing Act ~~[one of those Acts]~~ conflicts with this Act, this Act prevails.

Sec. 23. PERMITS AND LICENSES. (a) The authority shall apply for any permits, licenses, ~~[franchises,]~~ and other grants of authority required from the commission.

(b) The authority may apply for any permits, licenses, ~~[franchises,]~~ and financial assistance it may need from ~~[the department or]~~ any federal, state, or local governmental agency.

(c) *Before voting on a proposed project for which the board will seek a permit, the board shall obtain advice on the proposed project from the county judge of each county in which the proposed project is proposed to be located.*

SECTION 11. Section 24(a), Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, is amended to read as follows:

(a) The authority may enter into service contracts and may adopt resolutions and orders establishing rates and providing for the collection of fees and charges for the sale or use of water, the services of water transmission, treatment, and storage facilities, ~~[solid and]~~ liquid waste collection, treatment and disposal facilities and services, ~~[the use of park and recreational facilities,]~~ the sale of power and electric energy, and any other services or facilities sold, furnished, or supplied by the authority.

SECTION 12. Sections 29(b) and (c), Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, are amended to read as follows:

(b) Notwithstanding any other law, the authority may:

(1) undertake and carry out any activities *that are related to or necessary in carrying out or performing any power or function of the authority;*

(2) ~~[,]~~ enter into contracts, loan agreements, leases, or installment sales agreements; ~~[,] and]~~

(3) acquire, purchase, construct, own, operate, maintain, repair, improve, or extend, and loan, lease, sell, or otherwise dispose of, *including by such methods as loan payments, rentals, sales, and installment sales,* as the parties may agree, any facilities, plants, buildings, structures, equipment, and appliances *and* ~~[,]~~ property or any interest in property; ~~[,] and~~

(4) *use* any or all money or proceeds of bonds and other obligations. ~~[This may be accomplished by such methods as loan payments, rentals, sales, and installment sales.]~~

(c) All persons are authorized to contract with the authority in any manner authorized by this Act, Chapter 30, Water Code, *and* the Clean Air Financing Act (Article 4477-5a, Vernon's Texas Civil Statutes) ~~[, and the Solid Waste Resource Recovery Financing Act (Article 4477-7a, Vernon's Texas Civil Statutes),]~~ with respect to water, waste, pollution control, or any other facilities and any services provided by the authority. A public agency also may enter into and execute such a contract with the authority and may determine, agree, and pledge that all or any part of its payments under the contract

is payable from the source described in Section 30.030(c), Water Code, subject only to the authorization of the contract, pledge, and payments by the governing body of the public agency. A public agency also may use and pledge any other available revenues or resources for payment of amounts due under those contracts, as an additional source or sources of payment or as the sole source or sources of payment.

SECTION 13. Section 37, Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, is amended to read as follows:

Sec. 37. WORK WITH DEVELOPMENT BOARD. (a) The authority has and may exercise all the powers vested in political subdivisions under Title 2, Water Code.

(b) *The authority has and may exercise* ~~including~~ the powers necessary to enable the authority to participate in the programs administered by the *development board* ~~department~~ for the acquisition and development of facilities, the sale or lease of facilities, financial assistance to political subdivisions, and other programs *administered by the development board*.

SECTION 14. The following sections of Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, are repealed:

- (1) Section 2(5);
- (2) Section 18;
- (3) Section 21; and
- (4) Section 22.

SECTION 15. (a) The terms of the members of the board of directors of the Sulphur River Basin Authority serving on the effective date of this Act expire on September 1, 2017.

(b) Not later than September 2, 2017, the governor shall make the appointments required by Section 6, Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, as amended by this Act.

(c) Notwithstanding Section 6(c), Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, as amended by this Act, of the seven initial members appointed by the governor under that section, the governor shall designate two members to serve for terms that expire on February 1, 2019, two members to serve for terms that expire on February 1, 2021, and three members to serve for terms that expire on February 1, 2023.

(d) The governor may appoint to the board of directors under Subsection (b) of this section a member whose term expires under Subsection (a) of this section.

SECTION 16. (a) Notwithstanding Section 6A, Chapter 3, Acts of the 69th Legislature, 1st Called Session, 1985, as added by this Act, a person serving on the board of directors of the Sulphur River Basin Authority may vote, deliberate, and be counted as a director in attendance at a meeting of the board until December 1, 2017.

(b) This section expires January 1, 2018.

SECTION 17. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

(b) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, the lieutenant governor, and the speaker of the house of representatives within the required time.

(d) All requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 18. This Act takes effect September 1, 2017.

Passed by the House on May 2, 2017: Yeas 144, Nays 2, 1 present, not voting; passed by the Senate on May 19, 2017: Yeas 31, Nays 0.

Approved May 29, 2017.

Effective September 1, 2017.

**FUNCTIONS AND ADMINISTRATION OF THE HEALTH AND
HUMAN SERVICES COMMISSION AND THE COMMISSION'S
OFFICE OF INSPECTOR GENERAL IN RELATION TO FRAUD,
WASTE, AND ABUSE IN HEALTH AND HUMAN SERVICES**

CHAPTER 277

H.B. No. 2379

AN ACT

relating to the functions and administration of the Health and Human Services Commission and the commission's office of inspector general in relation to fraud, waste, and abuse in health and human services.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 531.102, Government Code, is amended by amending Subsections (a-3), (a-6), (j), and (k) and adding Subsections (a-7) and (a-8) to read as follows:

(a-3) The executive commissioner is responsible for performing all administrative support services functions necessary to operate the office in the same manner that the executive commissioner is responsible for providing administrative support services functions for the health and human services system, including functions of the office related to the following:

- (1) procurement processes;
- (2) contracting policies;
- (3) information technology services;
- (4) *subject to Subsection (a-8)*, legal services;
- (5) budgeting; and
- (6) personnel and employment policies.

(a-6) The office shall conduct *audits, inspections, and investigations* independent of the executive commissioner and the commission but shall rely on the coordination required by Subsection (a-5) to ensure that the office has a thorough understanding of the health and human services system for purposes of knowledgeably and effectively performing the office's duties under this section and any other law.

(a-7) *The chief counsel for the commission is the final authority for all legal interpretations related to statutes, rules, and commission policy on programs administered by the commission.*

(a-8) *For purposes of Subsection (a-3), "legal services" includes only legal services related to open records, procurement, contracting, human resources, privacy, litigation support by the attorney general, bankruptcy, and other legal services as detailed in the memorandum of understanding or other written agreement required under Section 531.00553, as added by Chapter 837 (S.B. 200), Acts of the 84th Legislature, Regular Session, 2015.*

(j) The office shall prepare a final report on each audit, *inspection*, or investigation conducted under this section. The final report must include:

- (1) a summary of the activities performed by the office in conducting the audit, *inspection*, or investigation;